

1 TOWNSEND AND TOWNSEND AND CREW LLP  
 PAUL W. VAPNEK (State Bar No. 36576)  
 2 Two Embarcadero Center, Eighth Floor  
 San Francisco, California 94111  
 3 Telephone: (415) 576-0200  
 Facsimile: (415) 576-0300

4 FULBRIGHT & JAWORSKI L.L.P.  
 5 PETER F. FELFE  
 BRUCE J. KOCH  
 6 THORSTEN SCHMIDT  
 666 Fifth Avenue, 31st Floor  
 7 New York, New York 10103-3198  
 Telephone: (212) 318-3163  
 8 Facsimile: (212) 318-3400

9 FULBRIGHT & JAWORSKI L.L.P.  
 DAVID L. PARKER (Tx. Bar No. 15475320)  
 10 600 Congress Avenue, #1900  
 Austin, Texas 78701  
 11 Telephone: (512) 536-3055  
 Facsimile: (512) 536-4598

12 Attorneys for Defendants  
 13 C. STIEFELMAYER GMBH & CO. KG,  
 CERION GMBH and VITRO LASER  
 14 GMBH

15 UNITED STATES DISTRICT COURT

16 FOR THE NORTHERN DISTRICT OF CALIFORNIA

17 SAN FRANCISCO DIVISION

18 LASER DESIGN INTERNATIONAL, LLC  
 and NORWOOD OPERATING COMPANY,

19 Plaintiffs,

20 v.

21 C. STIEFELMAYER GMBH & CO. KG, a  
 German limited partnership, XEON SYSTEMS  
 22 GMBH (aka CERION GMBH), a German  
 limited liability company, CRYSTAL  
 23 CAPTURE INTERNATIONAL, LLC, a  
 Nevada limited liability company, G.W.  
 24 PARTNERS INTERNATIONAL, INC., a  
 California corporation, HIRSCH GIFT INC., a  
 25 Texas corporation, VISIONS IN CRYSTAL,  
 INC., a California corporation, VITRO LASER  
 26 GMBH, a German limited liability company,  
 and DOES 1-20,

27 Defendants.  
 28

Lead Case No. C 03-1179 JSW  
 Consolidated with No. C 03-3905 JSW

**DEFENDANT CERION GMBH'S  
 ANSWER TO PLAINTIFFS' FIRST  
 AMENDED COMPLAINT AND  
 COUNTERCLAIMS**

1 CERION GMBH

Counterclaimant,

2 v.

3 LASER DESIGN INTERNATIONAL, LLC  
4 and NORWOOD OPERATING COMPANY,

Counterdefendants

5  
6 Defendant Cerion GmbH (“Cerion”), hereby answers the First Amended Complaint of  
7 Plaintiffs Laser Design International, LLC (“LDI”) and Norwood Operating Company (“Norwood”)  
8 (collectively, “Plaintiffs”), as follows:

9 **Statement of Related Case**

10 1. Cerion admits that there is a pending case before this Court entitled *Laser Design Int’l,*  
11 *LLC et al. v. BJ Crystal, Inc. et al.*, No. C 03-1179 JSW which concerns the patent-in-suit, U.S. Patent  
12 No. 5,206,496 C1, and which has been consolidated with this case No. C 03-3905 JSW pursuant to an  
13 Order of Consolidation dated November 18, 2003.

14 **The Parties**

15 2. On information and belief Cerion admits the allegation in paragraph 2 of the First  
16 Amended Complaint.

17 3. On information and belief Cerion admits the allegation in paragraph 3 of the First  
18 Amended Complaint.

19 4. Cerion lacks knowledge or information sufficient to admit or deny the allegations of  
20 paragraph 4, and on that basis denies those allegations of the First Amended Complaint.

21 5. Cerion admits the allegations of paragraph 5 of the First Amended Complaint.

22 6. Cerion lacks knowledge or information sufficient to admit or deny the allegations of  
23 paragraph 6, and on that basis denies those allegations of the First Amended Complaint.

24 7. Cerion lacks knowledge or information sufficient to admit or deny the allegations of  
25 paragraph 7, and on that basis denies those allegations of the First Amended Complaint.

26 8. Cerion lacks knowledge or information sufficient to admit or deny the allegations of  
27 paragraph 8, and on that basis denies those allegations of the First Amended Complaint.

28 9. Cerion lacks knowledge or information sufficient to admit or deny the allegations of  
paragraph 9, and on that basis denies those allegations of the First Amended Complaint.



1 **Patent Infringement**

2 18. Cerion denies the allegations of paragraph 18 of the First Amended Complaint.

3 19. Cerion denies the allegations of paragraph 19 of the First Amended Complaint.

4 20. Cerion denies the allegations of paragraph 20 of the First Amended Complaint.

5 21. Cerion denies the allegations of paragraph 21 of the First Amended Complaint.

6 22. Cerion denies the allegations of paragraph 22 of the First Amended Complaint.

7 **AFFIRMATIVE DEFENSES**

8 For its further and separate affirmative defenses to the First Amended Complaint, Cerion  
9 asserts as follows:

10 **First Affirmative Defense**

11 23. Plaintiffs' Complaint fails to state a claim upon which relief can be granted against  
12 Cerion.

13 **Second Affirmative Defense**

14 24. The claims of the '496-C1 patent are invalid under 35 U.S.C. §§ 102, 103 and/or 112.

15 **Third Affirmative Defense**

16 25. Cerion has not infringed, directly or indirectly, literally or by the doctrine of  
17 equivalents, any valid claim of the '496-C1 patent.

18 **Fourth Affirmative Defense**

19 26. Some or all of Plaintiffs' claims are barred by 35 U.S.C. § 307(b).

20 **Fifth Affirmative Defense**

21 27. Any cause of action alleged in the First Amended Complaint is barred in whole or in  
22 part by the doctrines of laches and/or estoppel.

23 **Sixth Affirmative Defense**

24 28. Any cause of action alleged in the First Amended Complaint is barred in whole or in  
25 part by plaintiff's misuse of the '496-C1 patent.

26 **Seventh Affirmative Defense**

27 29. The '496-C1 patent is invalid and/or unenforceable due to the patentee's inequitable  
28 conduct in procuring the '496-C1 patent.

1 **COUNTERCLAIMS**

2 Cerion alleges for its counterclaims against Plaintiffs, on personal knowledge and belief as to  
3 its own activities and on information and belief as to the activities of others, as follows:

4 **The Parties**

5 30. Cerion is a German limited liability company with a principal place of business at  
6 Lübbecker Straße 240, 32429 Minden, Germany.

7 31. On information and belief, Laser Design International, LLC ("LDI") is a limited  
8 liability company organized and existing under the laws of the State of California, with a principal  
9 place of business at 140 Seascapes Ridge Drive, Aptos, California 95003.

10 32. On information and belief, Norwood Operating Company, Inc. d/b/a Norwood  
11 Promotional Products ("Norwood") is a corporation organized and existing under the laws of the state  
12 of Delaware, with a principal place of business at 1309 Plainfield Avenue, Janesville, Wisconsin  
13 35545.

14 **Jurisdiction and Venue**

15 33. The Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C.  
16 §§ 1331 and 1338(a), as this action arises under the patent laws of the United States.

17 34. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1391 and 1400.

18 **Intra-District Assignment**

19 35. Pursuant to Civil L-R 3-2(c), assignment to any Division within the Northern District  
20 of California is appropriate.

21 **FIRST COUNTERCLAIM FOR DECLARATORY RELIEF**  
22 (Declaration of Non-Infringement Regarding the '496-C1 Patent)

23 36. Cerion realleges and incorporates by reference each allegation contained in Paragraphs  
24 30 through 35, inclusive, as if fully set forth herein.

25 37. On or about November 19, 2002, the reexamination certificate to the '496-C1 patent  
26 was issued.

27 38. On August 22, 2003, LDI and Norwood filed a Complaint for Infringement of U.S.  
28 Patent No. 5,206,496 C1 ("496-C1 patent"), naming Cerion as a defendant. Subsequently, on



1 September 10, 2003, LDI and Norwood filed a First Amended Complaint for Patent Infringement of  
2 the '496-C1 patent, naming Cerion as a defendant.

3 39. Cerion has not infringed, is not now infringing, has not contributorily infringed, and  
4 has not induced infringement of any valid claim of the '496-C1 patent.

5 40. LDI and Norwood deny some or all of the allegations in Paragraphs 36 through 39  
6 above. Therefore, a justiciable controversy has arisen and exists between Cerion and LDI and  
7 Norwood. Cerion desires a judicial determination and declaration of the parties' respective rights and  
8 duties concerning the '496-C1 patent. Such a determination is necessary and appropriate at this time in  
9 order that the parties may ascertain their respective rights and duties regarding the validity and alleged  
10 infringement of this patent.

11 **SECOND COUNTERCLAIM FOR DECLARATORY RELIEF**  
12 (Declaration of Invalidity of the '496-C1 Patent)

13 41. Cerion realleges and incorporates by reference each allegation contained in Paragraphs  
14 30 through 40, inclusive, as if fully set forth herein.

15 42. The '496-C1 patent is invalid because it fails to satisfy the conditions and requirements  
16 for patentability as set forth in Title 35 of the United States Code.

17 43. LDI and Norwood deny some or all of the allegations in Paragraphs 41 through 42  
18 above. Therefore, a justiciable controversy has arisen and exists between Cerion and LDI and  
19 Norwood. Cerion desires a judicial determination and declaration of the parties' respective rights and  
20 duties concerning the '496-C1 patent. Such a determination is necessary and appropriate at this time in  
21 order that the parties may ascertain their respective rights and duties regarding the validity and alleged  
22 infringement of this patent.

23 **THIRD COUNTERCLAIM FOR DECLARATORY RELIEF**  
24 (Declaration of Unenforceability of the '496-C1 Patent)

25 44. Cerion realleges and incorporates by reference each allegation contained in Paragraphs  
26 30 through 43, inclusive, as if fully set forth herein.

27 45. The '496-C1 patentees improperly failed to disclose material information including  
28 prior art to the USPTO with an intent to deceive the USPTO into issuing the '496-C1 patent.

1           46.     The '496-C1 patentees improperly failed to disclose known prior use and knowledge of  
2 the alleged invention of the '496 patent.

3           47.     The '496-C1 patentees improperly failed to disclose to the USPTO during the  
4 reexamination of the '496 patent with an intent to deceive, prior art, including declarations showing  
5 prior use and knowledge of the alleged invention which were filed by defendants in *Laser Design*  
6 *Int'l, LLC et al. v. Scanova, Ltd. et al.*, No. C-97 20274 RMW (PVT), and other prior art of record in  
7 European Patent Office proceedings and/or otherwise available to Plaintiffs.

8           48.     The '496-C1 patent is unenforceable due to the failure of the patentees, assignees or its  
9 predecessor in interest to cite material prior art to the USPTO, to disclose known prior use and  
10 knowledge, and to disclose declarations showing prior use.

11                           **FOURTH COUNTERCLAIM FOR DECLARATORY RELIEF**  
12                           (Declaration of Intervening Rights Pursuant to 35 U.S.C. §§ 252 and 307(b))

13           49.     Cerion realleges and incorporates by reference each allegation contained in Paragraphs  
14 30 through 48, inclusive, as if fully set forth herein.

15           50.     During the reexamination of the '496 patent the patentees amended claims of the '496  
16 patent in an attempt to confer patentability to these claims under 35 U.S.C. Additionally, patentees  
17 added claims during the reexamination that were not present in the '496 patent. These amended and  
18 new claims were accepted by the USPTO and issued in the '496-C1 patent.

19           51.     Prior to the issuance of the '496-C1 patent Cerion imported, sold or offered to sell into  
20 the U.S. or made substantial preparations to manufacture, sell or import into the U.S. articles that LDI  
21 and Norwood allege are covered by the '496-C1 patent.

22           52.     If the '496-C1 patent is valid and infringed, Cerion has intervening rights to continue to  
23 manufacture, sell or import such articles into the U.S.

24                           **Prayer for Relief**

25           Wherefore, Cerion requests that the Court enter judgment in its favor and against both LDI and  
26 Norwood's Complaint and Cerion's Counterclaims as follows:

- 27           A.     Dismissing Plaintiffs' claims for patent infringement;
- 28           B.     Declaring that the '496-C1 patent is invalid and/or unenforceable;

